

# Linking Performance to Budget

## Performance-Based Program Budgeting

Breakout Session

June 26, 2014

MassResults: Effective, Accountable and Open State Government



#MassResults



# Session Agenda



- What and where is the performance-based program budget?
- How can you use it? AN INTERACTIVE DEMONSTRATION
- The EHS experience – identifying performance measures, collecting data and addressing challenges
- Using performance data to support funding
- Where do we go from here?

# Session Participants



- Mark Fine, Director of CPAT (ANF) - Moderator
- Helen O'Malley, Program Budget Manager (ANF)
- Amy Donahue, EHS Results Director (Exec Office of Health and Human Services)
- Commissioner Tom Gatzunis, Department of Public Safety

# What is PBPB?



*Performance-based program budgeting is the practice of developing budgets by program (i.e. functions of government) while at the same time providing information about the prior or expected results of the program*

PBPB key elements are:

- 1) A budget structure (i.e. taxonomy/hierarchy) that describes government spending by its functions – not by accounts
- 2) Performance measures aligned to the purposes of each budgetary program

# The Evolution to PBPB



FY13

- Develop program budget structure
- Map budget accounts from operating, capital, federal and trust spending to the new programs
- Cross-walk account spending by program
- Publish Gov's Budget Recommendation in program

Account budgets

Program budget

FY 14

- Present the FY14 current year budget (i.e. the General Appropriations Act) by program
- Fine tune the program budget structure
- Develop performance measures programs
- **Publish Gov's FY 15 program budget with performance measures**

Account budget

Performance-based program budget

FY 15

- Collect more performance data for programs
- Present the FY15 current year budget (GAA) by program (likely in September)

Account budget

Performance-based program budget

FY 16

- WHERE NEXT??

???

# PBPB by the Numbers



## Level 3 Stats

# of level 3 programs	379
% of level 3 programs with measures	65% (245)

## Performance Measure Stats

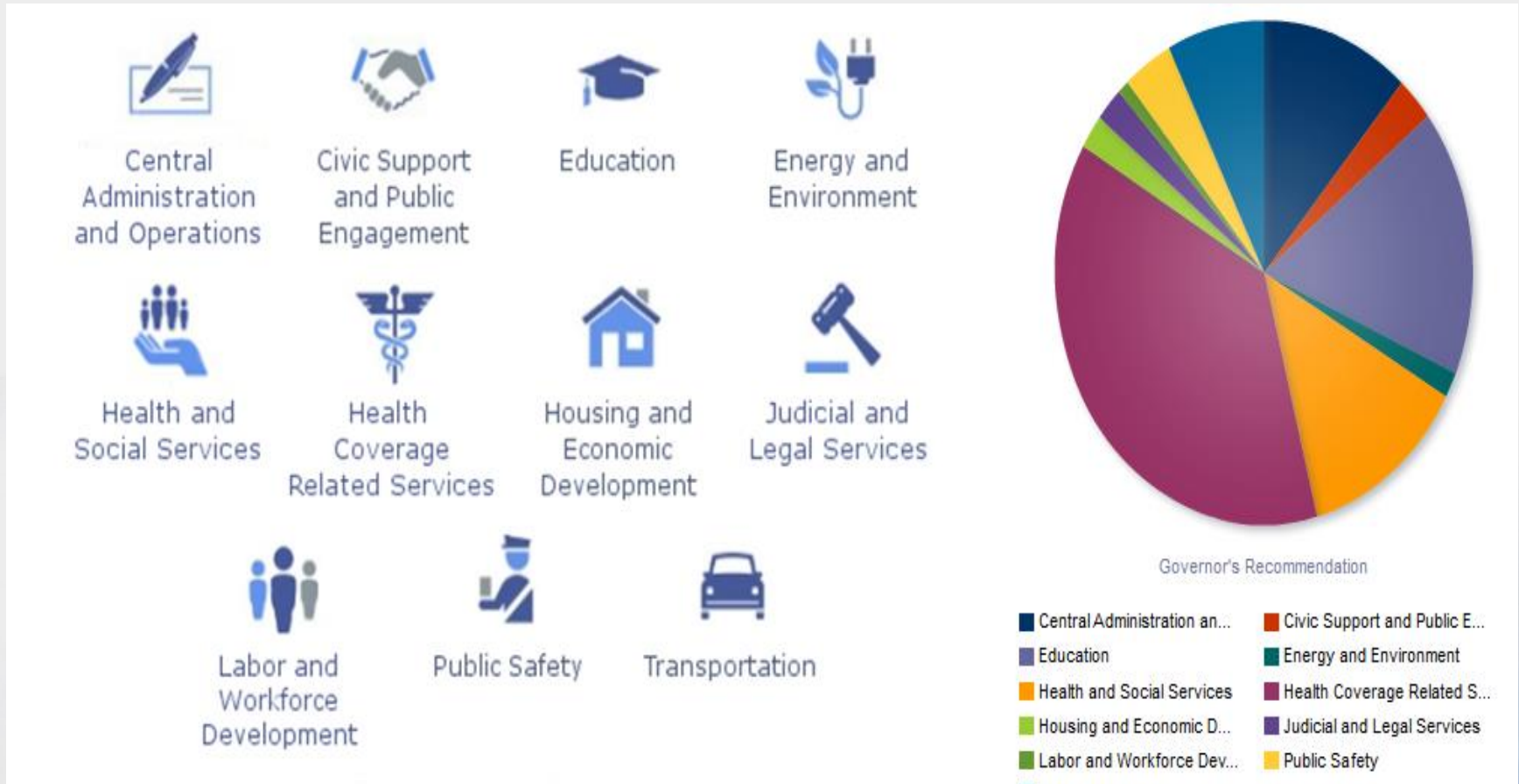
# of performance measures	~715
% of performance measures with current period data at H2	46% (337)
% of performance measures with current period data NOW	73% (516)

## Level 3 Program Performance Trends

# Improving	153
# Stable	95
# Worsening	33



# How Can You Use It?



# First You Need to Find It!



You can find it right on [www.mass.gov](http://www.mass.gov) – FRONTPAGE or on the MASS RESULTS page – [www.mass.gov/massresults](http://www.mass.gov/massresults)



-  [MassResults](#)  
A results-oriented government.
-  [Open Checkbook](#)  
Detailed state spending.
-  [Budget Dashboard](#)  
Review the program budget.

## MassResults

The MassResults Initiative aims to make make state government more effective, more accountable and more open – building a results-oriented culture in state government.

[Read more about MassResults and the Commonwealth's Performance, Accountability and Transparency Office.](#)

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### Budget

Explore the Governor's proposed FY15 budget, and review the proposed program budget and the Governor's Investment Priorities.



# Getting to Programs (DEMO)



**Current Year Budget by Program**

This program dashboard displays the last fiscal year's projected spending, the Governor's recommendation for the current fiscal year and the final budget approved by the Legislature as amended by Governor's vetoes and legislative overrides. Program spending levels are estimated for each of these budgets by departments based upon the best available data and will improve in accuracy as we continue to report on programs in the future. As you review this dashboard, you may see differences in funding levels between fiscal years or budgets. This may be due to decreases in one or more funding sources including reductions in appropriations, federal budget reductions or completion of a capital project or changes to the program structure to better reflect how and where dollars are spent. To better understand these differences, you can drill down to the program for further details, contact the department providing the program or [contact us](#).

[Optimized content for screenreaders](#) [Supported browsers information](#) Data as of: 08/22/2013

Click on the icon below to see program details.

\* Current Fiscal Year: 2014

Click on a Government Function above to explore the program budget, or view the program budget by [Program Search](#).

**About Program Budgeting**

What is a Program Budget? Where does the data come from and how is it displayed? How do I navigate the dashboards? How do I search the dashboards?

\* Please Note: The Current Fiscal Year is a required field on this page.

**Government Function by Program**

\* Current Fiscal Year: 2014 \* Government Function: Central Administration and Operations

**Central Administration and Operations**

Program targeted to facilitate enterprise-wide activities to support effective and efficient management of state government across all functional areas.

**Central Administration and Operations Program Categories**

Program Category	Previous Year Projected Spending	Current Year Governor's Recommendation	Current Year Budget
Central Audit and Compliance for State Entities	\$41,876,567	\$38,854,622	\$40,254,254
Central Budgeting, Planning and Financing	\$23,882,442	\$24,728,242	\$24,368,279
Central Human Resources	\$7,962,457	\$76,724,943	\$17,198,893
Central Information Technology Services	\$46,947,416	\$62,724,283	\$61,254,267
Central Property, Construction, and Procurement Services	\$103,402,910	\$106,523,896	\$106,389,346
Central Service and Payments	\$2,403,718,894	\$2,368,943,874	\$2,367,016,171
Public Employees Non-Health Benefits	\$2,044,910,894	\$2,044,575,945	\$2,046,176,204
Revenue Management	\$258,872,435	\$272,288,946	\$270,258,288

**Program Listing**

Program Category: Central Property, Construction, and Procurement Services

Programs targeted to provide property, construction, and procurement management across state entities.

Program	Previous Year Projected Spending	Current Year Governor's Recommendation	Current Year Budget
Deferred Facility Maintenance	\$38,962,760	\$42,932,470	\$40,982,470
Property Construction and Maintenance Administration and Operations	\$25,056,876	\$16,660,181	\$16,638,264
Sourcing and Procurement of Goods and Services	\$13,896,879	\$12,778,500	\$12,675,833
State Facilities Management	\$17,875,524	\$15,046,506	\$15,046,506
Unclassified Property	\$3,062,739	\$3,331,874	\$3,136,253
Vehicle Management and Surplus Property	\$6,435,000	\$6,352,094	\$6,359,000

\* Please Note: The Current Fiscal Year and Government Function are required fields on this page.

**Program Detail**

**Property Construction and Maintenance Administration and Operations for FY 2014**

For the purpose of supporting property management and administration for state facilities and office buildings including the Massachusetts State House.

Total Amount	Previous Year Projected Spending	Current Year Governor's Recommendation	Current Year Budget
	\$16,660,181	\$25,056,876	\$16,638,264

Below is a list of the department(s) that roll-up into the selected Program. Use the drop-down below to view different funding sources for a listed department.

Department	Previous Year Projected Spending	Current Year Governor's Recommendation	Current Year Budget
Division of Capital Asset Management and Maintenance	\$25,003,358	\$16,604,307	\$16,589,943
Office of the Secretary of Administration and Finance	\$47,520	\$55,654	\$48,261

Select a Department: Division of Capital Asset Management and Maintenance

**Division of Capital Asset Management and Maintenance**

Below is a breakdown of the Department's spending for this Program by each Funding Source\*.

Total Amount	Previous Year Projected Spending	Current Year Governor's Recommendation	Current Year Budget
	\$25,003,358	\$16,604,307	\$16,589,943

**Budgetary Appropriations Capital**

Category	Previous Year Projected Spending	Current Year Governor's Recommendation	Current Year Budget
Capital	\$10,603,358	\$10,604,307	\$10,589,943
Budgetary Appropriations	\$14,400,000	\$6,000,000	\$6,000,000

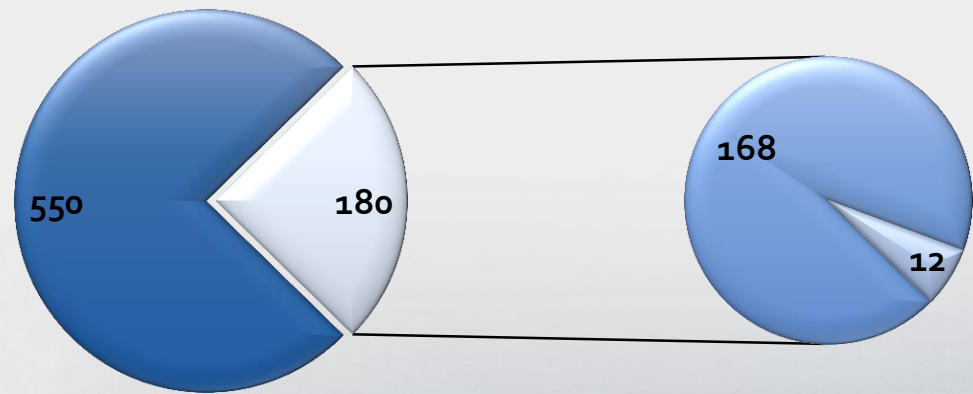
\* Please Note: Some funding sources may include federal reimbursements.

# EHS in the PBPB



- EHS spending is found in 101 budget programs
- Measures were determined for 84% of programs
- 180 measures were outlined
  - Several programs included spending across multiple agencies
- Using existing internal sources, data was reported for 93% of all measures.

## EHS Measures in the PBPB



■ EHS Measures ■ Measures w Data ■ Measures w/o Data

# EHS Lessons Learned



## Benefits

- Expanded Secretariat performance measures to include operational data
- Increased employee engagement

## Challenges

- Determining the right mix of measures
- Quantity and detail of the data/analysis
- Assigning a trend
- Time for review

# Department of Public Safety



- Regulatory/Licensing Agency
- Broad jurisdiction
- There are 3 inspectional divisions within the Department:
  - Building;
  - Elevator; and
  - Engineering

# DPS/Elevator Inspections



- Elevator Division
- Inspect & certify all elevators in the Commonwealth (40,000+)
- Permit & inspect newly installed elevators
- Permit & inspect units for ordinary, emergency repairs and/or modernizations
- Conduct compliance inspections on expired units & other compliance issues

# DPS/Elevator Inspections



- In 2005 there were 34,927 elevators in Commonwealth. Elevator #'s increased by over 5,000 during the past 8 years.
- From 2004-2013, elevator inspector #'s rose from 35 to the current 47
- In 2004 the Department performed 15,601 elevator inspections with its 35 inspectors for an average of 445 inspections per year per inspector
- In 2013, the Department performed 47,657 inspections with just 12 additional inspectors. Average of over 1000 inspection per year per inspector – an increase of over 100%



# DPS/Elevator Inspections



- 2004 – 2009 compliance rate increased from 44% to 69%
- 2009 - present compliance rate stayed consistent at 69%.  
Why?

- **New units coming online**
- **“go Day” Reinspections**



The sheer number of new units coming on line every year means that many more units to permit and inspect annually and will require additional staff just to keep abreast of the new units

# DPS/Elevator Inspections



Following an annual inspection, the unit either:

- Passed if it was fully compliant
- Failed and was shut down if there was a life safety violation; or
- If the code violation was minor, the unit was allowed to continue to operate for a period of 90 days after which the Department performed an inspection to ensure that the violation was abated

*The compliance rate was unchanged despite the increase in inspections, because nearly 25% of total inspections were due to re-inspections*

# DPS/Elevator Inspections



What did DPS do to address backlog and compliance issues:

1. Changed regulations to institute a \$200 re-inspection fee to recoup the costs associated with re-inspection. This should:
  - Reduce the number of re-inspections
  - Allow inspectors to focus on their core function of performing annual inspections – reducing the backlog and allowing for more compliance inspections

*The Department anticipates that the fee will generate approximately \$1 million annually*

# DPS/Elevator Inspections



What did DPS do to address backlog and compliance issues:

2. Seeking legislation to change the inspection cycle to allow for biennial elevator inspections for certain types of units:
  - Wheelchair lifts
  - Limited Use/Limited Access elevators (LULA)
  - Dumbwaiters
  - Vertical Reciprocating Conveyors (VRC)

# DPS/Elevator Inspections



Changing the inspection cycle will:

- Improve public safety
- Maximize DPS resources (release 5,500 hours for more important work)
- Reduce revenue by \$1.5M – off set by \$1.0 re-inspection fees therefore \$500,000 net

# Where Do We Go Now?



FY13

- Develop program budget structure
- Map line-items and line-item spending to the new programs
- Publish Gov's Budget Recommendation in program

FY 14

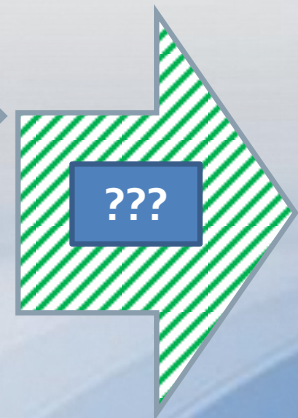
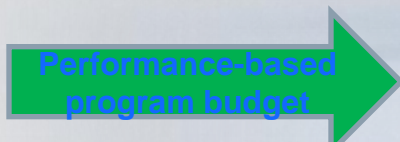
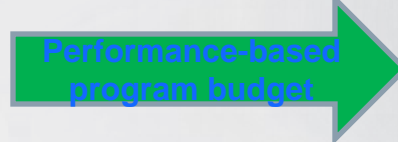
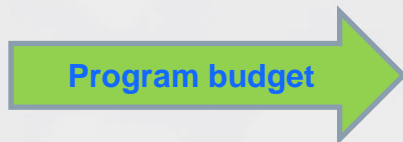
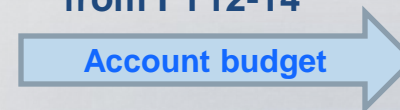
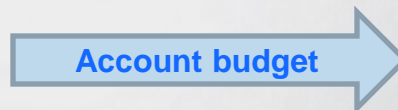
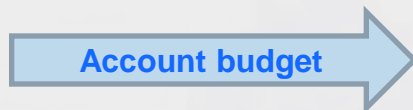
- Present the FY14 current year budget by program
- Fine tune the program budget structure
- Develop performance measures programs
- **Publish Gov's FY 15 program budget with performance measures**

FY 15

- Collect more performance data for programs
- Present the FY15 current year budget by program (in September)
- **Add further FY14 performance data to the program budget tool – having three years of data from FY12-14**

FY 16

• **WHERE NEXT??**





# Using Performance Info



- The ultimate goal of PBPB is to inform policy and budget decision-making with performance data
- Performance data can enable questions to be asked, such as:
  - Are the outcomes that budgetary programs seek to achieve being delivered?
  - Are we providing service-levels commensurate with the level of funding provided?
  - How much does it cost to provide a single output or unit of service?
  - Is funding sufficient to meet service demand or to achieve outcomes?

# PBPB in the Budget Process



How can we introduce performance elements into the current budget process? Could/should we:

- Set out performance objectives/targets for each measure alongside fiscal year spending plans and budget recommendations for the next year?
- Require that performance information is presented and discussed at budget hearings – alongside spending proposals?
- Select a number of specific programs for review each year – analyzing programs from both a performance (i.e. is the program achieving its goals) and fiscal perspective (i.e. are we using resources effectively and efficiently to meet goals)?
- Consider moving to a two-year budget cycle to free up space in the fiscal calendar to better consider performance, evaluate spending?

# Better Programs/Measures



- Better aligning budget accounts (for “all funds”) and programs – could we move to a world where all budget accounts map to a single program? That would facilitate budgeting by program and more attuned evaluation of programs
- Improving what we measure – ensuring that the measures we collect data for speak to the outcomes/outputs we expect from relevant spending

*PROGRAMS, ACCOUNTS and MEASURES ARE NOT STATIC  
– THEY MUST BE CONSTANTLY FINE TUNED*

# Collecting More Data



- We want to continue to get back data from FY12 and FY13 - raising the % of data with measures from [70%] to as close to 100% as we can
- When we publish the FY15 current year program budget (likely in September) – we want to add FY14 data (keep building thereafter)

*A 3-YEAR DATA PICTURE PROVIDES A SOLID  
BASELINE FOR EXAMINING PERFORMANCE*

# Questions



PBPB raises a lot of interesting questions about how best to incorporate performance into the budget development and decision-making process.

- What are your thoughts on how to take PBPB forward?
- What other questions do you have about PBPB?